

## State of Utah DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt Governor Ted Stewart Executive Director James W. Carter Division Director 1594 West North Temple, Suite 1210 Box 145801 Salt Lake City, Utah 84114-5801 801-538-5340 801-359-3940 (Fax) 801-538-7223 (TDD)

October 17, 1997

Doug D. Jensen Environmental Coordinator USMX of Utah, Inc. P.O. Box 2650 St. George, Utah 84770

Re:

Partial Approval of Operator Request for Reduction and Release of Reclamation Surety, USMX of Utah, Inc., Goldstrike Mine, M/053/005, Washington County, Utah

Dear Mr. Jensen:

The Division has completed its evaluation of your June 28, 1997, request for a \$641,408 reduction and release from the \$1,667,300 reclamation surety currently on file for the Goldstrike Mine. Your request for surety reduction was based upon the completion of regrading, recontouring and revegetation work performed at the mine to date.

On August 28, 1997, Larry Gore (Bureau of Land Management), Wayne Hedberg and Lynn Kunzler met with you onsite to inspect the reclaimed areas outlined in your letter. They looked at all of the areas except for the reclaimed exploration sites. They agreed to schedule an inspection next spring to evaluate the vegetation success on the exploration project areas. After follow-up consultation with the Division of Water Quality and the BLM, we offer the following observations concerning your surety reduction request: (Redlined text identifies areas of change from your original table)

	Surety Estimate	%		S's to be
Description		Complete	\$'s requested	released
8.1 Decommissioning (leach pads)	\$648,800	50%	\$369,000	\$324,400 (1)
8.2 Regrading (pad #1)	47,259	100%	47,259	47,259
8.6 Topsoiling (Hassayampa				
Pit)	54,543	95%	51,816	<del>51,816</del>
	(45,543)	95%	(43,266)	(43,266)
Hamburg Pit	22,516	40%	9,007	9,007
Plant Area	56,571	35%	19,266	14,143 (25%)
		35%	(19,800)	(2)
Moosehead Pit	47,328	100%	2,366	2,366
Beavertail Pit	27,915	100%	1,393	0 (3)
8.7 Revegetation				
Total Revegetation	\$122,000	75%	92,100	61,400 (50%)
8.8 Highwall Fencing	(122,800)			(4)
Total Highwall Fencing	6,200	100%	6,200	6,200
8.10 Constructn Supvsn.				
Total Const. Supvsn.	86,000	50%	43,000	43,000
		TOTALS	\$641,408	\$551,041
				***************************************

Page 2 Surety Release Request M/053/005 October 17, 1997

- The Division of Water Quality has evaluated the adequacy of the heap discharge monitoring results and has
  performed a recent mine site inspection. On October 8, 1997, Lyle Stott (DWQ) notified our office that
  DWQ was comfortable with releasing 50% of the calculated decommissioning costs from the existing
  reclamation surety. The BLM is also in agreement. We have accordingly backed these costs out of the
  required reclamation surety amount..
- DOGM and BLM agree to release 25% of the topsoiling estimate for the plant area instead of the 35% figure.
- 3. Some supplemental revegetation work is necessary on the north facing outslope of the access road leading into the Beavertail Pit area. Additional topsoiling may also be warranted to assist this area in achieving the revegetation success standard. We will retain the \$1,393 until the revegetation standard is met.
- 4. DOGM and BLM agree to release 50% of the total revegetation cost estimate instead of the 75% figure.

During the inspection, some areas where erosion has started to occur on the outslopes of Heap #1 were noted. It is our understanding that the final contouring and seeding work has not been completed on this heap. In your August 27, 1996 letter regarding Final Closure of Pad 1, you indicate that final contouring and seeding work would be completed during the fall of 1996. To reduce the likelihood of increased erosion on this heap, we strongly recommend that this work be scheduled for completion this fall.

The surety amount currently posted (\$1,667,300) was calculated in 1998 dollars. The surety is scheduled to be reevaluated and escalated in 1998. Accordingly, we have adjusted the 1993 surety estimate by subtracting the amount for the 1995 and 1997 bond reductions and then escalated the subtotal to 2002 dollars (see revised estimate attached). This surety adjustment effectively reduces the required surety amount by \$738,100. The new surety amount is \$929,200 (year 2002 dollars). This amount will be retained for reclamation of the remaining disturbances at the Goldstrike Mine.

Please inform us how you wish to reduce the present sureties so that we may send you the appropriate replacement forms, if necessary. If you have any questions or concerns in this regard, please contact me at (801) 538-5286.

Sincerely,

Lowell P. Braxton Acting Director

Swell P Bracker

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Attachment: (revised surety estimate)
cc: Larry Gore, BLM

Dennis Fredericks, DWQ

Dan Stewart - USMX, Inc. (Corporate) Robert G. Pruitt, Jr. - Pruitt, Gushee & Bachtell

Mary Ann Wright, DOGM

m053005.rel

Goldstrike Mine Washington County filens M/053/005 Prepared by Utah State Division of Oil. Gas & Mining		filename m53-05rd who					
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epared by Utah State Division of Oi							
	I, Gas & Mining						
Reclamation Details							
-This estimate adjustment is in respor	response to the USMX request of June 26, 1997	equest of June 26	3, 1997				
-Original line item amounts are taken from the USMX estimate included in the 8/29/93 permit amendment	from the USMX es	timate included in	n the 8/29/93	permit ame	endment		
-Division's 10/4/95 reductions to the 8/29/93 estimate are also shown in this estimate adjustment	/29/93 estimate ar	e also shown in t	his estimate	adjustment			
-The Division's 10/15/97 reductions in decomissioning, plant area topsoiling & total revegetation differ from	decomissioning, p	plant area topsoili	ing & total re	vegetation c	differ from		
those requested in the USMX June 26, 1997 letter due to the BLM & DOGM inspection of 8/28/97	26, 1997 letter du	e to the BLM & D	OGM inspec	tion of 8/28/	16/		
-This adjustment releases 25% of the Plant Area Topsoiling compared to 35% requested by USMX	Plant Area Topso	iling compared to	35% reques	ted by USM	×		
-This adjustment releases the remaining 5% of Moosehead Pit topsoiling costs (95% of this was released 10/4/95)	ng 5% of Mooseh	ead Pit topsoiling	costs (95%	of this was r	eleased 10/4	(92)	
-This adjustment retains the 5% of Beavertail Pit topsoiling costs compared to releasing this amount as requested by USMX	avertail Pit topsoil	ing costs compar	ed to releasi	on this amo	unt as reques	ted by USMX	No.
-Total disturbed area = 421 acres, reclaimed area =	laimed area =	348.8 acres	cres				
Task			08/29/93 10/4/95	10/4/95	10/04/95	10/15/97	10/15/97
Description	Quantity Units	\$/Unit	estimate	reduction	balance	reduction	balance
Decommission leach pads	USMX estimate		648,800	0	648,800	324.400	324.400
ssioned							
Regrading	USMX estimate		214,500	\$25,578	\$188,922		
pad #1 100% regraded	236,296 CY	0.20				47,259	141,663
	USMX estimate		12,800	0	12,800		12,800
Culvert removal	USMX estimate		34,000	\$34,000	0\$		0
	USMX estimate		145,000	\$145,000	0\$		0
Topsoiling	USMX estimate		378,400	\$197,213	\$181,187		
Hassayampa Pit 95%	57.16 hr	736.77				43,266	
Hamburg Pit 40%	28.26 hr	736.77				9,007	
Plant Area 25%	71.00 hr	736.77				14,143	
Moosehead Pit 5%	59.40 hr	77.96.77				2.366	
	DOGM to retain current 5% being held	urrent 5% being	held		1,396	0	1,396
+Topsoiling remaining line item amount	ount						112,405
	USMX estimate		122,800	0	122,800	61,400	
total revegetation 50% complete							61,400
Highwall fence	USMX estimate		6,200	0	6,200	6,200	0
highwall fencing 100% complete							
	USMX estimate		48,800	0	48,800	0	48,800
	USMX estimate		86,000	0	86,000	43.000	
supervision 50% complete							43,000
SUBTOTAL	SUBTOT	SUBTOTAL 8/29/93	1,697,300	401,791		\$551,041	745,864
+ 10% CONTINGENCY	+ 10% C	+ 10% CONTINGENCY	169,730				74,586
SUBTOTAL	SUBTOT	SUBTOTAL 8/29/93	1,867,030				820,450
+ 5 yr ESCALATION(2.52%)	+ 5 yr ES	+ 5 yr ESCALATION(1.42%)	136,378				108,720
TOTAL	TOTAL 8/29/93	V29/93	2,003,408				929,170
	1003	MOOD with Doctor bank 5001	62 067 300				